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RDT&E BUDGET ITEM JUSTIFICATION SHEET (R-2 Exhibit)							DATE February 2000		
BUDGET ACTIVITY 05 - Engineering and Manufacturing Development				PE NUMBER AND TITLE 0604805F Commercial Operations and Support Savings Initiative				PROJECT 654771	
COST (\$ in Thousands)	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate	FY 2002 Estimate	FY 2003 Estimate	FY 2004 Estimate	FY 2005 Estimate	Cost to Complete	Total Cost
654771 Commercial O&S Savings Initiative	11,617	19,904	19,851	19,833	19,824	19,808	19,787	Continuing	TBD
Quantity of RDT&E Articles	0	0	0	0	0	0	0	0	0
<p>(U) <u>A. Mission Description</u></p> <p>This program aims to reduce total ownership costs, particularly Operations and Support (O&S) costs, through insertion of commercial products and processes into fielded military systems. These savings are expected to result by reducing the costs of parts and maintenance, reducing the need for specialized equipment, increasing reliability, and increasing efficiency of subsystems. Commercial Operations and Support Savings Initiative (COSSI) projects will be performed in two stages. In Stage I, each competitively selected, flexible cost share proposal will provide the Non-Recurring Engineering (NRE) required to create a kit that can be used in a fielded military system and perform the testing needed to verify that inserted kits will produce O&S cost savings while at least maintaining the current system level of performance of the fielded system. Based on the results of a Stage I project, the Air Force will decide whether to proceed to Stage II. The goal in Stage II is to purchase a reasonable production quantity of kits based on a fair and reasonable price (i.e., the value of the kits vice the cost of the kits to the Air Force under a Federal Acquisition Regulation (FAR) vehicle). COSSI is a valuable tool for reducing total ownership cost of fielded weapon systems and offers an opportunity for the Air Force to leverage the commercial sector's much faster product development and technology refresh cycle times. The program is designed to be attractive to non-traditional defense suppliers as well through the use of flexible Other Transaction (OT) contracts.</p> <p>(U) <u>FY 1999 (\$ in Thousands)</u></p> <p>(U) \$7,541 Leveraged commercial electronics and software to swap existing military processors with form, fit, and function replacements to increase reliability, obsolescence avoidance, and software commonality.</p> <p>(U) \$2,510 Reduced inventory requirements, maintenance turn times, and mobility deployment footprints through insertion of reliable commercial items.</p> <p>(U) \$1,566 Reduced test, technical manual, and training costs through automation and use of commercial hardware and software.</p> <p>(U) \$11,617 Total</p> <p>(U) <u>FY 2000 (\$ in Thousands)</u></p> <p>(U) \$10,134 Leverage commercial electronics and software to swap existing military processors with form, fit, and function replacements to increase reliability, obsolescence avoidance, and software commonality. Replace array processors in fighter aircraft radar to improve reliability and reduce maintenance costs and aircraft down time.</p> <p>(U) \$8,500 Reduce inventory requirements, maintenance turn times, and mobility deployment footprints through insertion of reliable commercial items.</p>									
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(U) **A. Mission Description Continued**

(U) **FY 2000 (\$ in Thousands) Continued**

Replace pyrotechnic-activated weapon release system with pneumatic-based one to decrease maintenance hours, hazardous waste, and airlift of explosive devices.

(U) \$1,270 Reduce test, technical manual, and training costs through automation and use of commercial hardware and software. Replace two boxes of avionics test station with one that is commercially-based, more reliable, and able to test a greater number of subsystems.

(U) \$19,904 Total

(U) **FY 2001 (\$ in Thousands)**

(U) \$11,851 Leverage commercial electronics and software to swap existing military processors with form, fit, and function replacements to increase reliability, obsolescence avoidance, and software commonality. Potential targets include fighter aircraft avionics components.

(U) \$5,000 Reduce inventory requirements, maintenance turn times, and mobility deployment footprints through insertion of reliable commercial items. Aircraft engine parts, particularly for fighter and cargo planes, represent possible improvement areas.

(U) \$3,000 Reduce test, technical manual, and training costs through automation and use of commercial hardware and software. Common or adaptable test stands may be emphasized.

(U) \$19,851 Total

(U) **B. Budget Activity Justification**

This program is in Budget Activity 4, Demonstration and Validation, since it includes efforts necessary to evaluate integrated technologies in as realistic an operating environment as possible to assess performance or cost reduction potential.

(U) **C. Program Change Summary (\$ in Thousands)**

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Total Cost</u>
(U) Previous President's Budget (FY 2000 PBR)	15,892	30,485	30,434	
(U) Appropriated Value	15,937	20,485		
(U) Adjustments to Appropriated Value				
a. Congressional/General Reductions	-45			
b. Small Business Innovative Research	-494			
c. Omnibus or Other Above Threshold Reprogram		-135		
d. Below Threshold Reprogram	-3,716			
e. Rescissions	-65	-446		

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(U) <u>C. Program Change Summary (\$ in Thousands) Continued</u>								
				<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Total Cost</u>	
f. Other								
(U) Adjustments to Budget Years Since FY 2000 PBR								
(U) Current Budget Submit/FY 2001 PBR								
				11,617	19,904	-10,583 19,851	TBD	
(U) <u>Significant Program Changes:</u>								
Funding reduction in FY 2001 due to higher priority Air Force needs.								
(U) <u>D. Other Program Funding Summary (\$ in Thousands)</u>								
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Cost to</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Complete</u>
(U) AF RDT&E								
(U) Other APPN								
(U) Related Activities:								
(U) PE 0602805F, Dual Use Science and Technology (DUST).								
(U) <u>E. Acquisition Strategy</u>								
As authorized by Congress, Other Transactions (OTs) for prototypes will be used during Stage I. Project selections will be made using full and open competition.								
(U) <u>F. Schedule Profile</u>								
	<u>FY 1999</u>				<u>FY 2000</u>			
	1	2	3	4	1	2	3	4
(U) Request For Release (RFP) Release								
	*		*			X		X
(U) Contract Awards								
			*	*		X	X	X

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RDT&E PROGRAM ELEMENT/PROJECT COST BREAKDOWN (R-3)							DATE February 2000			
BUDGET ACTIVITY 05 - Engineering and Manufacturing Development				PE NUMBER AND TITLE 0604805F Commercial Operations and Support Savings Initiative				PROJECT 654771		
(U) <u>A. Project Cost Breakdown (\$ in Thousands)</u>										
					<u>FY 1999</u>		<u>FY 2000</u>		<u>FY 2001</u>	
(U)	Leverage commercial electronics and software to swap existing military processors with form, fit and function replacements.				7,541		10,134		11,851	
(U)	Reduce inventory requirements, maintenance turn times, and mobility deployment footprints through insertion of reliable commercial items.				2,510		8,500		5,000	
(U)	Reduce test, technical manual, and training costs through automation and use of commercial hardware and software.				1,566		1,270		3,000	
(U)	Total				11,617		19,904		19,851	
(U) <u>B. Budget Acquisition History and Planning Information (\$ in Thousands)</u>										
(U) <u>Performing Organizations:</u>										
<u>Contractor or Government Performing Activity</u>	<u>Contract Method/Type or Funding Vehicle</u>	<u>Award or Obligation Date</u>	<u>Performing Activity EAC</u>	<u>Project Office EAC</u>	<u>Total Prior to FY 1999</u>	<u>Budget FY 1999</u>	<u>Budget FY 2000</u>	<u>Budget FY 2001</u>	<u>Budget to Complete</u>	<u>Total Program</u>
<u>Product Development Organizations</u>										
L-3 Communications	OTA	Jun 99	N/A	N/A	0	1,563	0	0	0	1,563
Marconi Avionics	OTA	Aug 99	N/A	N/A	0	2,780	0	0	0	2,780
Telephonics	OTA	Sep 99	N/A	N/A	0	1,817	0	0	0	1,817
Lockheed-Martin	OTA	Jul 99	N/A	N/A	0	3,004	0	0	0	3,004
AIL Systems	OTA	Sep 99	N/A	N/A	0	1,270	0	0	0	1,270
CPU Technologies	OTA	TBD	N/A	N/A	0	0	6,000	0	0	6,000
Marconi Integrated	OTA	TBD	N/A	N/A	0	0	1,270	0	0	1,270
Boeing St Louis	OTA	TBD	N/A	N/A	0	0	8,500	0	0	8,500
Numerous	OTA	TBD	N/A	N/A	0	1,183	4,134	19,851	Continuing	TBD
<u>Support and Management Organizations</u>										
<u>Test and Evaluation Organizations</u>										
Project 654771										

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BUDGET ACTIVITY		PE NUMBER AND TITLE				PROJECT
05 - Engineering and Manufacturing Development		0604805F Commercial Operations and Support Savings Initiative				654771
		<u>Total Prior</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget to</u>
<u>Subtotals</u>		<u>to FY 1999</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>Complete</u>
Subtotal Product Development		0	11,617	19,904	19,851	TBD
Subtotal Support and Management						
Subtotal Test and Evaluation						
Total Project		0	11,617	19,904	19,851	TBD